

# **MINUTES OF THE BOARD OF TRUSTEES CITY OF CINCINNATI RETIREMENT SYSTEM June 5, 2003**

The Chairperson called the meeting to order at 1:30 p.m. with the following members present:

John Bowling  
Minette Cooper  
Joe Harrison  
William Moller, Secretary  
Michael Rachford  
V. Daniel Radford, Chairperson  
Ely Ryder  
Paula Harrison  
Ed Volpe

Member/s Absent:  
John Cranley  
Valerie Lemmie, City Manager

Mr. Radford called for a motion to approve the minutes of the May 1, 2003 meeting. Mr. Radford congratulated Mr. Brian Pickering on his election to the Board of Trustees. Mr. Ryder requested that any submittals and/or exhibits presented to the Board be included in the minutes. Mr. Radford noted that henceforth the minutes would reflect documents submitted to the Board. Mr. Radford also indicated that as far as expenditures, Squire Sanders and Dempsey have been doing various legal work for the fund and for the City and suggested the Board get an itemization of what the pension plan is being charged. Mr. Radford noted overall the firm has been doing a good job. The motion to approve the minutes was made by Mr. Harrison, seconded by Mr. Moller and carried; the minutes were approved as prepared by the Secretary.

## **BENEFITS COMMITTEE**

Mrs. Harrison reported that the Benefits Committee met on May 29, 2003. Mrs. Harrison gave the following report.

1. Application for Ordinary Retirement June 1, 2003: Total – 20

<b>No.</b>	<b>NAME</b>	<b>DEPARTMENT</b>
32996	Madonna Schaber	Fire
37166	Joe Stevens	Water Works
37840	Linda Sims	Buildings & Inspections
38660	Ely Ryder	Law
38887	John Herbert	Recreation
39173	Marlane Souder	Fire
39296	Eugene Eberhart	Water Works
39831	Steven Lanter	Water Works
39922	Joe L. Harrison	MSD
40075	James Ginocchio	Law
40307	Lula Whitehead	Health
43844	J. D. Bell	University Hospital
44219	Garry Coleman	Transportation & Engineering
44404	Robert Ziepfel	University of Cincinnati
44506	Kathleen Burns	University Hospital
44873	James Millen	Public Services
39418	John Hanselman	Law
49537	James Dunn	Public Services
50915	George Yancey	Convention Center
52494	Barbara Kenney	Health

2. Application for Retired Members Death: Total - 11

3. Application for Disability Retirements: Total - 5

<b>NO.</b>	<b>NAME</b>	<b>DEPARTMENT</b>
42864	George Weaver	Water Works
48398	Jerome Schnieders	Environmental Services
51470	Rajetta Edwards	Parks
51529	Ronald Bear	MSD
51542	Howard Ames	MSD

4. Application for Deferred Retirement: Total – 3

<b>NO.</b>	<b>NAME</b>	<b>DEPARTMENT</b>
47913	Patricia Reuter	Health
49756	Kevin Sigward	Transportation & Engineering
51234	Robert Donovan	Health

Mr. Moller commended the Benefits Committee on the thoroughness of their review processes, particularly in the evaluation of disability retirement applications.

Mrs. Harrison moved that the Board accept the report of the Benefits Committee, seconded by Mr. Ryder and approved by the Board.

### **INVESTMENT COMMITTEE**

Mr. Moller reported that PCA/EFI made an introductory presentation to the Investment Committee at the April 4, 2003 meeting. Mr. Moller commented that PCA/EFI was selected by the Investment Committee to conduct an asset/liability study that will include an evaluation of the asset allocation, plan design, and actuarial assumptions. PCA/EFI will also be invited to the August 8 Board retreat to assist with the discussion on the financial condition of the retirement system.

Mr. Moller reported that the investment consultant presented it's performance report for the first quarter of 2003. Investment returns were -1.99%, which compares favorably to the Cincinnati benchmark return of -2.43% for the same time period. However, Mr. Moller commented that the funds investment performance trails the Cincinnati benchmark for longer time periods (one, three, five, and seven-year periods). There was no watch list actions were taken by the Investment Committee.

### **SECRETARY'S REPORT**

The Secretary submitted the following report:

1. Resolution for Enrollment of New Members – Total: 141
2. Resolution for Return of Contributions – Total: 21 Amount: \$176,255.80
3. Resolution for Loans to Members – Total: 51 Amount: \$508,941.79
4. Report on Deaths of Pensioned Members – Total: 13
5. Report on Military Service Credit prior to Membership – Total: 0

The Secretary submitted the following vouchers for payment:

<b>PAYEE</b>	<b>AMOUNT</b>
All Star Personnel Services – Temporary Personnel Services	\$1,214.12
John Walsh – Reimbursement for Investment Consultants luncheon	\$89.38
ABS Business Products Inc. – Monthly rental base rate for copier	\$238.50
City of Cincinnati – Communications Technology – Billing for telephone services for April 2003	\$373.81
City of Cincinnati Printing Services – Billing for Postage & Printing Services	\$795.36
City of Cincinnati Division of Stores, Billing for Stores items for April 2003	\$130.93
All Star Personnel Services – Temporary Personnel Services	\$678.45
Acordia – Premium Policy for Fiduciary Liability	\$37,6000.00
Pension Consulting Alliance Inc. – For Professional Services Rendered	\$30,000.00
City of Cincinnati – Facility Management	\$158.00
Paula Taylor – Per Diem at conference attended May 18-22, 2003	\$184.00
Joe Harrison – Per Diem at conference attended May 18-22, 2003	\$184.00
All Star Personnel Services – Temporary Personnel Services	\$2,231.48

BIS Business information Solutions Inc.- Storage of CRS files	\$50.00
Mae Consulting Inc. – For Professional Services Rendered	\$2,000.00
City Facility Management – Reimbursement charges for installing conduit	\$424.82
NAPPA – Registration fee for Deborah Wyler	\$750.00
Deborah Wyler – Reimbursement for attending NAPPA Conference	\$1,003.57
City of Cincinnati Accounts & Audits – Charges for medical insurance 1 <sup>st</sup> Quarter 2003	\$10,977.40
Keith Giles – Reimbursement for Airfare to Pension Gold Conference	\$203.00
Marriott Oakland City Center – Lodging for K. Giles while attending Pension Gold Conference – June 4, 2003	695.00
International Foundation Conference – Registration fee & Hotel Deposit for Ely Ryder	\$1,675.00
All Star Personnel Services – Temporary Personnel Services	\$647.92
Reciprocity Transfers to Ohio Public Employees Retirement System	\$413,611.77

The Secretary reported that at the close of business, May 30, 2003, there was in The Treasury, to the credit of the Retirement System \$7,991,334.51.

**Asset Valuation:**

- December 31, 2002: \$1.99 billion
- April 30, 2003: \$2.03 billion
- YTD Increase (Decrease): (1.81%)

**Current Asset Allocation: (Policy Objective)**

- Domestic Equity: 53.5% (50%)
- International: 12.7% (13.5%)
- Fixed Income: 32.9% (33.5%)
- Alternative Assets/Treasury Cash: 0.9% (3%)

Mr. Moller reported that the asset level as of 4/30/03 was \$2.03 billion compared to \$1.99 billion at 12/31/03. Mr. Moller commented that asset levels have not been this low since May 1997. Mr. Ryder commented that this drop in asset level is not solely attributable to investment losses as the fund has paid out \$300 to \$400 million in benefits since 1997. Mr. Ryder also noted that since that time, employee and employer contributions to the fund have been lower than the long-term normal cost rate that is calculated by the actuary.

**PENDING BUSINESS**

Corporate Governance: Mr. Fink reported that the retirement staff is continuing to work with the Law Department on this issue.

Asset/Liability Study: Mr. Fink also reported that PCA/EFI has all the actuarial data needed from Mercer and has begun their review and analysis. PCA/EFI will be at the August 8 Board retreat where the Board members will have an opportunity to focus on the financial condition of the retirement system.

Investor Lawsuit Representation: Ms. Roshani Hardin, Assistant City Solicitor, reported that City Solicitor Rita McNeil has selected the law firm of Grant Eisenhoffer to represent the Cincinnati Retirement System in their lawsuit against Enron and Worldcom. This firm is already representing the other Ohio public pension plans, so the CRS will be reduce costs as it will join the other Ohio pension funds in that suit.

Mr. Radford stated that he was disappointed with the decision and is concerned that the City Solicitor did not communicate this decision to the Board members prior to the meeting. He also commented that this is contrary to a recommendation made previously by the Board that the City utilize the services of Milberg Weiss to represent the interests of the retirement system. Mr. Ryder moved, and Mr. Radford seconded the motion, that the Board ask the City Solicitor for her analysis on the selection of Grant Eisenhoffer over Milberg Weiss. Mr. Moller submitted a friendly amendment to the motion that the Board also get a copy of any agreements executed between the City and these law firms. Mr. Ryder's motion, as amended by Mr. Moller, passed unanimously.

Survivor Benefits: Mr. Fink reported that the retirement staff is working with the Benefits Committee on the survey of survivor benefits and the Committee will report the results of their findings back to the Board.

#### Informational Items

Mr. Moller reported that City Council passed the resolution that it would be the intent of City Council to support and defend all Board members for any and all acts committed within the scope of their duties as members of the Board of Trustees regarding the use of Anthem funds. A copy of the signed resolution was distributed at the meeting.

Mr. Moller also distributed a memo from the Ohio School Employees Retirement System (SERS) regarding an increase in their employee contribution rate. Effective July 1, 2003, their employee contribution rate is increasing from 9% to 10%.

Mr. Rachford, Chair of the Election Committee, reported that the preliminary results from the election for an employee representative were available as the ballots were counted the morning of June 5, 2003. The partial election report has 1,135 votes for Brian Pickering, 646 votes for Yolanda (Yodie) Mitchell, 14 write-in votes, and 69 invalid votes. Still to be counted are ballots submitted by U.S. mail with a postmark date of June 3, 2003 or before. Mr. Radford commented that the final official results should be available in about one week.

Because of the 4<sup>th</sup> of July holiday, the Board agreed to move up the time of the July Board meeting on June 3, 2003 to 11:00 a.m.

Mr. Radford expressed congratulations to Joe Harrison and Paula Taylor who were recently married. The entire Board expressed their congratulations and Ms. Taylor noted that the recent minutes should reflect that her last name is now Harrison.

#### **ADJOURNMENT**

Upon request of Mr. Radford for motion to adjourn, a motion was made by Mr. Moller, seconded by Mr. Rachford and carried. The meeting adjourned at approximately 2:10 PM.